

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 7019**

**BILL NUMBER:** HB 1326

**NOTE PREPARED:** Jan 14, 2014

**BILL AMENDED:**

**SUBJECT:** Food and Beverage Taxes.

**FIRST AUTHOR:** Rep. Price

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**    **GENERAL**  
                          **X DEDICATED**  
                          **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** This bill authorizes Angola, Danville, Elkhart, Goshen, Greenwood, Rockville, and Rushville to adopt municipal Food and Beverage Taxes. It provides that the tax rates may not exceed 1%. It also specifies the uses to which receipts from the Food and Beverage Taxes may be applied.

**Effective Date:** Upon passage.

**Explanation of State Expenditures:** The Food and Beverage Taxes under this bill would be collected and remitted in the same manner as the state sales tax. The provisions of the bill are not expected to significantly increase the expenditures of any state agency.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** Local expenditures could increase to the extent that a city or town council holds an additional meeting to discuss a proposed ordinance to levy a Food and Beverage Tax.

If a municipality adopts such an ordinance, it would be required establish a Food and Beverage Tax Receipts Fund. Money in this fund could only be spent for specific purposes, which are listed in the table below.

Municipality	Use of Food and Beverage Tax Receipts
Angola	<ul style="list-style-type: none"> <li>• Construction, extension, or completion of sewer lines, waterlines, streets, curbs, sidewalks, bridges, roads, highways, alleys, public ways, parking facilities, lighting, electric signals, information and high technology infrastructure, and any other infrastructure improvements.</li> <li>• Parks and recreation.</li> <li>• Police and law enforcement, firefighting and fire prevention, emergency medical services and ambulance services, and other public safety purposes.</li> </ul>
Danville	<ul style="list-style-type: none"> <li>• Property tax levy reduction.</li> <li>• Economic development.</li> <li>• Public safety.</li> <li>• Sidewalk, trail, and transportation infrastructure improvements.</li> </ul>
Elkhart	<ul style="list-style-type: none"> <li>• Property tax levy reduction.</li> <li>• Economic development.</li> <li>• Improvements to buildings and sidewalks.</li> <li>• Transportation infrastructure improvements.</li> <li>• Solid waste management collection and recycling programs.</li> <li>• Information technology upgrades.</li> </ul>
Goshen	<ul style="list-style-type: none"> <li>• Property tax levy reduction.</li> <li>• Economic development.</li> <li>• Street and highway construction and resurfacing projects.</li> <li>• Intersection improvement projects.</li> <li>• Water, sewer, and storm water infrastructure projects.</li> </ul>
Greenwood	<ul style="list-style-type: none"> <li>• Property tax levy reduction.</li> <li>• Economic development.</li> <li>• Public safety.</li> <li>• Parks and recreation.</li> </ul>
Rockville	<ul style="list-style-type: none"> <li>• Property tax levy reduction.</li> <li>• Economic development.</li> <li>• Storm water, sidewalk, street, park, and parking improvements necessary to support tourism.</li> <li>• Public safety.</li> </ul>
Rushville	<ul style="list-style-type: none"> <li>• Property tax levy reduction.</li> <li>• Economic development.</li> <li>• Construction, maintenance, and operation of higher education facilities.</li> </ul>

**Explanation of Local Revenues:** *Summary-* The bill authorizes various municipalities to levy a Food and Beverage Tax at a rate of not more than 1% of taxable food and beverage purchases in the municipality. The table below shows the estimated potential revenue for each municipality for CY 2014 through CY 2016. The estimates in the table below are based on the assumption that each municipality levies the tax at a 1% rate and adopts an ordinance for a Food and Beverage Tax in April 2014.

<b>Estimated Food and Beverage Tax Revenue</b>			
<b>Municipality</b>	<b>2014*</b>	<b>2015</b>	<b>2016</b>
Angola	\$85,346	\$208,672	\$246,472
Danville	74,907	157,418	165,409
Elkhart	1,075,217	2,252,042	2,353,125
Goshen	516,345	1,081,484	1,130,026
Greenwood	472,746	985,307	1,026,798
Rockville	54,489	109,938	110,463
Rushville	131,305	302,594	342,381

\*If each municipality adopts an ordinance to levy the tax in April 2014, the tax will be implemented beginning in June and revenue collections will be distributed to each municipality beginning in July.

**Additional Information-** The estimates above are based on county-level projections. A portion of the county total is allocated to each municipality based on its share of the food and beverage industry in that county. Food and Beverage Tax estimates for Steuben County, Elkhart County, Parke County, and Rush County are based on a statistical model estimating the relationship between county-level food and beverage expenditures and socioeconomic factors. The estimates for Hendricks County and Johnson County are based on historic Food and Beverage Tax revenue data.

**State Agencies Affected:** Department of State Revenue.

**Local Agencies Affected:** Angola, Danville, Elkhart, Goshen, Greenwood, Rockville, Rushville.

**Information Sources:** State Auditor's Data; OFMA ES-202 databases; IHS Global Insight, Indiana County Level Data Forecast, June 2013; U.S. Census Bureau.

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